

APPENDIX XI.

CHAPTER VI—ARTICLE 123.

Rules relating to Purchase of Store Articles by Government Offices.

• (*Financial Secretary's letter No. Fl. 3510 G. F. 11-25-2, dated 19th December 1925.*)

The following rules are laid down for the guidance of officers making purchases on behalf of Government.

1. These rules apply to all kinds of articles whatsoever, whether manufactured or unmanufactured (Government Order No. Fl. 1194-243—G. F. 10-15-98, dated 28th August 1916) and to all departments of the State and also to purchases made on behalf of Local Funds, provided that whenever there is a conflict between these rules and those prescribed by or under the authority of Government on this subject for any particular department, the special rules of the department will be followed.

General.

2. *Selection of Article.*—(a) When articles of the kind required are produced in the Mysore State in the form of raw material or are manufactured wholly or substantially in Mysore, such local articles should be purchased by preference, provided the price is not higher than that at which articles of similar quality produced or manufactured outside Mysore can be obtained. Articles made in Mysore from Mysore materials should have the first preference.

(b) When articles of the kind required are not produced or manufactured in the Mysore State but are produced or manufactured in other parts of the Indian Empire, such Indian articles should be purchased by preference, provided their quality, whether manufactured from Indian or imported materials, is sufficiently good for the purpose and the price charged for them is not unfavourable.

(c) In the case of important construction work let out on contract, articles not manufactured in India required for the construction of such works may be supplied by the contractor, subject to the following conditions:—

(a) that the firm is approved by Government and

(b) that the materials are subject to the specification and tests prescribed by Government.

3. *Purchase from approved Firms.*—Purchases should, as far as possible, be made from firms approved by Government.

A list of approved firms under the various heads or supply for the several departments of the State is maintained in the office of the Secretary, Stores Purchase Committee (*vide* para 14 below). Each department or office should have a similar list of approved firms pertaining to it.

All applications from firms in the prescribed form (duly stamped) received by the several departments should be forwarded to the Secretary, Stores Purchase Committee.

The Heads of Departments may make purchases from any firm outside the list, when it is advantageous to Government to do so. The Officer making such purchases should however take necessary action as specified above for the inclusion in the approved list, of the names of such of the firms, purchases from whom have been found to be satisfactory, and which satisfy the conditions laid down in G. O. No. Fl. 6923-1—G. F. 10-14-148, dated 24th May 1915.

4. *Indents*—At the end of each official year, each department should prepare a list of articles required during the next official year, on the basis of the consumption during the previous three or five years, and with reference to factors, if any, which justify an increase or decrease compared with the average. The lists for each year should also be based on the sanctioned budget and should be prepared, duly allowing for the carrying over of stock for at least one quarter of the succeeding year. As soon as the list is prepared, the required sanction of Government or other competent authority should be obtained for the purchase.

Direct Purchases by Departments.

5. For purchases which can be made by the departments themselves directly from firms without reference to the Stores Purchase Committee (*vide* Para 14), tenders should be called for according to the rules given below:—

a) (a) *Notice calling for Tenders*.—At least three months before the articles are required, a notice calling for tenders for the supply should be posted in the office of the officer concerned, and where the value of the supply exceeds Rs. 500, should be published in the *Mysore Gazette* also in three successive issues. The notice should give a full description regarding quality, quantity, place, time of delivery, etc., and should also state, where samples can be seen by intending tenderers. Tenders should be required to be submitted in the particular form printed with the notice. In the case of departments requiring large supplies, fairly evenly distributed throughout the year, tenders for the annual supplies to be delivered in specified instalments at intervals may be called for. There is no objection, however, to accept tenders for shorter periods in such cases if the purchasing officer considers it necessary.

(b) Copies of all notices calling for tenders should be sent to the firms dealing with the particular class of articles.

(c) If the value of the supply exceeds Rs. 2,500 the notice calling for tenders should also be published in three issues of a leading English or Kannada newspaper published in the Mysore State. The paper should be selected by the purchasing officer with due regard to the nature of the tender. If the value of the supply is not less than Rs. 5,000 the notice should also be published in three successive issues of a leading English or Vernacular newspaper in Madras and of a similar paper in Bombay.

NOTE.—It is not necessary to publish lengthy and detailed notices in newspapers and it would be sufficient if short notices are published in them indicating the nature of the articles required and stating that detailed information would be found in a particular issue of the Gazette or in the office concerned. The detailed notices should, however, be published in the Gazette and spare copies kept in the office concerned for distribution. (*G. O. No. Fl. 1740-99—G. F. 10-16-29, dated 20th September 1916.*)

(d) When it is known that articles of the kind required cannot be had from any firm or agency in India, the tender need not be published in the Gazette or Newspapers. Copies of tender should, however, be sent by registered post to all firms dealing with that class of articles.

(e) *Acceptance of tenders.*—In accepting tenders, other things being equal, producers, manufacturers and firms in the Mysore State should be given preference. Particular attention should also be paid to the fact that in calling for and accepting tenders the place of delivery of the articles is an important factor. Delivery at the office at which the articles are required for use or distribution should be required wherever possible and the rates compared on that basis. But if it is not possible or advantageous to insist on delivery at the office, then all the transit and other incidental charges should be added to the respective rates to make the comparison fair to all tenderers. (*G. O. No. Fl. 3007-55—G. F. 10-16-63, dated 13th December 1916.*)

In all cases of purchases exceeding Rs. 10,000 in value, the tenders received should be submitted to Government for sanction by the Head of the Department concerned, with a note embodying his own definite recommendation. (*G. O. No. Fl. 2978-127—G. F. 172-13-19, dated 30th March 1916.*)

A copy of the tender accepted by the department should be sent to the Comptroller for information.

6. *File of tenders*—The file of tenders with the orders of the purchasing officer accepting a particular tender should be carefully preserved for seven years for purposes of reference.

7. If no suitable tenders are received, the purchasing officer may order the articles required from one of the firms approved by Government.

8. *Direct purchase from recognised firms.*—When there is risk of serious inconvenience or loss to the public service by waiting to obtain articles by tender system, an officer may make a direct purchase from any of the recognised firms. The nature of the urgency which rendered a deviation from the tender system necessary, should be explained in the bill.

Articles required in connection with the entertainments of European guests may be purchased from the firms approved by Government and from those of equal standing, by the Private Secretary to His Highness the Maharaja, without calling for tenders. (*G. O. No. G. 2940-41—Mily. 78-15-6, dated 29th August 1916.*)

9. When, owing to the greater promptitude of supply by particular agencies of the special manufacture of some articles by certain firms, substantial economy can be effected by deviating from the tender system, officers may purchase direct such articles from the firms or agencies concerned.

Note.—When the bill for a purchase made under this rule is sent for audit, the drawing officer, should record a statement explaining briefly the necessity for deviating from the tender system.

10. The above rules apply to supplies exceeding Rs. 250 in value. Supplies of the value of Rs. 250 or less can be obtained direct from one of the approved firms, without calling for tenders. Tenders need not be called for, when the articles required by departments consist of a large number of miscellaneous articles which are not made by the same manufacturer or stocked by the same dealer and have consequently to be first collected from a number of dealers by middlemen, but only when the estimated value of each class or group of articles made by the same dealer exceeds the limit of Rs. 250. In the case of orders in which the estimated cost of articles of each group as described above does not exceed the limit but the total cost of the requirements exceeds the limit a reference should be made to Government for permission to get the supply by direct purchase and not by calling for tenders. The purchasing officer should keep himself informed of the rates of the different firms and effect the purchase in the most economical way. Preference should, however, be given to Mysore Firms, other things being equal. (*G. O. No. G. 4982-5027—G. M. 98-24-4, dated 5th January 1925.*)

11. *Petty purchases.*—Petty purchases of Rs. 25 or less are not regulated by these rules and may be made in any way at the discretion of the purchasing officer.

12. Officers making purchases will see that a large purchase is not split up into several smaller ones for evading the rules relating to the larger purchases. When several small purchases of the same class of articles are made within a period of three months, an explanation should be given on the bills stating why the purchases could not be made together.

13. A certificate in the form noted below should be furnished by all disbursing officers on bills relating to purchase of stores exceeding Rs. 250 in value.

“Certified that all commission-wholesale, retail or special-obtainable in respect of the purchases included in this bill has been recovered and that the amount of such commission in whatsoever manner received

has been credited to Government in cash-*vide* Treasury receipt enclosed - by deduction from bill-*vide* bill No. or Certified that no commission has been allowed by the firm. (G. O. No. Fl. 1738-86—G. F. 10-14-3, dated 24th October 1914).

NOTE.—If the articles are first purchased for the Palace and subsequently transferred for use by Government, it is not necessary to furnish the above certificate, it being enough to furnish a certificate that the cost at which the articles were transferred to Government represents actual prices or net prices if any commission was obtained. If, however, the articles are purchased by the Palace for the specific use of Government, the relevant vouchers with the usual commission certificate should be furnished for purposes of audit as the officer making the purchase is really acting on behalf of Government and has therefore to comply with the rules regarding the purchase of Government stores. (G. O. No. G. 14194-6—P. P. 91-23-2, dated 29th April 1924).

PURCHASE THROUGH STORES PURCHASE COMMITTEE.

14. To deal with all large purchases required for the several departments of the State, a Committee styled "The Stores Purchase Committee" has been constituted by Government. The rules of procedure and functions of this Committee have been laid down in Government Order No. G. 13082-13140—G. M. 170-23-2, dated 28th March 1924. All indents for stores to be purchased abroad, as also all indents, for articles to be purchased locally, when the value of the articles to be so purchased exceeds the limit of value prescribed in the Annexure, should be sent, by the several departmental officers, to the Secretary, Stores Purchase Committee.

NOTE.—1. The limit of value referred to in the Annexure applies to purchases made at any one time and not to purchases made throughout the year. The Heads of Departments should however see that articles of the same kind required for the whole year are, as far as possible, included in a single indent. The limit of value should therefore be taken to apply only to the purchase of stores, in emergent cases, which could not be foreseen at the time of the preparation of the annual indents. (G. O. No. G. 12389-448—G. M. 121-23-47, dated 6th March 1924.)

NOTE. 2.—The rules regarding the purchase of stores through the Stores Purchase Committee are not applicable to Local Bodies (District Boards, Municipalities, etc.). In the case of improvement works in the areas within the jurisdiction of such Local Bodies, such as water-supply and drainage schemes, railway projects, etc., the execution of which is entrusted to the Government departments, the materials required for such works should be obtained by the department concerned through the Stores Purchase Committee, in accordance with the above rule. (G. O. No. G. 14345-64—G. M. 170-23-4, dated 3rd May 1924.)

15. The responsibility for obtaining competent sanction for the purchase of stores in each case will entirely rest on the indenting officer who will, in forwarding the indent to the Stores Purchase Committee, clearly specify whether the

sanction of Government or other competent authority has been accorded to the purchase. He will also be responsible to see that the budget grant equivalent to the cost of purchase as estimated by him will be made available, that the required amounts are set aside for the purpose and are not utilized otherwise. Every indent for local or foreign purchases should be accompanied by a programme of supply and an estimate of cost involved.

16. On receipt of the indents from the several departments, the following procedure will be adopted by the Stores Purchase Committee in purchasing the stores :—

(a) All purchases in India shall be made by inviting tenders which may be:—

1. by advertisement, (open tender) or
2. by invitation to a limited number of firms, (limited tender) or
3. by invitation to one firm only (single tender or private purchase).

(b) Competitive tenders should be invited except in the case of:—

1. Patents and specialities,
2. Comparatively small supplies, where the value of stores to be purchased does not exceed Rs. 2,500.
3. Highly finished work such as surgical and scientific apparatus.

In the case of these, single tenders may be invited from thoroughly reliable firms.

(c) As far as possible, arrangements shall be made for calling tenders simultaneously in Europe and in India.

(d) After examination by the Committee, of the tenders received and comparing the price with the indent estimate of cost, and after consulting, if need be, the indenting department concerned, the committee shall decide which tender shall be accepted. Tenders exceeding Rs. 50,000 should be submitted to Government for sanction. (*G. O. No. G. 1230-8—G. M. 203-23-28, dated 13th August 1924.*)

(e) When a tender is accepted, the conditions shall be embodied in a formal contract providing for the necessary penal clauses for breach of conditions. Copies of such contracts shall be supplied to the Audit office and to the indenting department, concerned.

(f) The Committee may arrange for running contracts in the case of such articles as are in demand throughout the year. Such contracts shall provide for variation in the quantity of supplies up to 50 per cent and for supplies being made periodically at reasonable notice.

(g) In the case of all articles to be obtained from abroad, arrangements for their purchase shall generally be made through the consulting Engineers and Home Agents to Government in London in accordance with the agreement entered into with the Firm by the Government.

(h) In special cases, however, such orders may be placed directly with the supplying firm or firms.

(i) The Committee may, for sufficient reasons, purchase imported stores in India instead of obtaining them through the Consulting Engineers in London or obtain them from the manufacturers abroad directly or their branch offices or agents in India.

17. *Shipping documents*—In all cases in which stores are purchased abroad, arrangements shall be made to obtain three sets of shipping documents. One set shall be caused to be forwarded at the earliest possible date to the Receiving Agents to be appointed by the Committee, one set will be caused to be similarly sent to the indenting officer and the third set to the Secretary, Stores Purchase Committee. On receipt of the shipping documents, the indenting officer will issue necessary instructions to the Receiving Agents in the matter of the transmission of packages, customs duty to be paid, etc., copies of such correspondence being simultaneously forwarded to the Secretary, Stores Purchase Committee.

18. *Payment for foreign purchases*.—Payment to firms abroad is made by Messrs. Coutts & Co., London, on production of invoices, shipping documents, etc., supported by the certificate of the consulting agents, London, authorising payment. The invoice sent by the Bankers in London, to the Secretary, Stores Purchase Committee, is sent by the latter officer to the indenting officer, for transmission to the Comptroller, after countersignature by the competent authority, with the stock certificate, and the head of debit noted thereon. The Comptroller keeps the amount paid by the Bankers, under objection, pending the receipt of the countersigned invoice referred to above.

19. *Clearing charges*.—Charges incurred by the Receiving agents in connection with the clearing of goods imported for the Mysore Government from abroad, are paid by the Imperial Bank of India, Madras, on presentation of detailed bills by the Receiving Agents. The bills, received by the Comptroller, through the Imperial Bank of India, Bangalore, are sent to the departments concerned through the Secretary, Stores Purchase Committee, for acceptance and return with the head of debit noted thereon. In the Comptroller's books, the amounts paid by the Bank will be charged to a suspense head, pending the receipt of countersigned bills from the departments, when the amounts will be charged to the suspense head (G. O. No. G. 9138-9—G. M. 156-24-2, dated 28th May 1925.)

20. *Payment for local purchases*.—Copies of orders placed by the Committee will be simultaneously supplied to the indenting departments concerned as well as to the Audit Office, and the suppliers will be directed to submit invoices and bills,

in duplicate, to the indenting officer direct. The indenting officer shall, after verification and check with the copy of the order sent by the Committee, forward the bills, with the necessary stock and other certificates as required by the Account Code, to the Audit Department for arranging payment, after obtaining the countersignature of the Head of the Department or other competent authority, intimating the fact to the Secretary to the Committee at the same time. In cases where payment against shipping documents or by instalments is stipulated in a contract, the Secretary shall watch deliveries until the contract is fully and satisfactorily executed. Every care shall be taken that payment is arranged for only in accordance with the terms of a contract and that no delay occurs in payment involving the payment of interest on such delayed payments: (G. O. No. G. 127-87—G. M. 98-24-9, dated the 9th July 1925.)

21. The committee shall ensure that only the correct rate of customs duty leviable under the law is paid on all imported stores and that claims for refund are preferred in time. (G. O. No. C. 61-120—G. M. 121-23-1 dated 22nd October 1923 and G. O. No. G. 13082-13140—G. M. 170-23-2, dated 28th March 1924.)

22. *Charges on account of the Stores Purchase Committee and fees and other expenses paid to consulting agents, London:—*These charges are distributed *pro-rata*, by the Comptroller at the close of each year among the departments for which service was rendered during the year. In regard to payments made in India, the particulars required by the Comptroller for effecting the above adjustment in his books are furnished to him, by the Secretary, Stores Purchase Committee. (G. O. No. G. 3207-61—G. M. 50-24-2, dated 5th November 1924)

Comptroller's Powers.

23. In cases in which, in the Comptroller's opinion, the above rules have not been observed, he may refuse payment or hold the amount under objection until the sanction of Government is obtained by the purchasing officer.

ANNEXURE.

Powers delegated to departments as regards the direct purchase of Local Stores, without reference to the Stores Purchase Committee.

Designation of Officers	Financial limit	Authority
1. Director of Geology ..	Rs. 500	Government Order No. G. 15236-7—G. M. 203-23-20, dated 7th June 1924.
2. Senior Surgeon. (purchases, to be made from Government departments, in British India of such articles as Cinchona cortex, cinchona Febrifuge, oil Eucalyptus, quinine sulphate and tablets and opium). Other articles ..	Any amount 2,000	Government Order No. G. 14265-7—G. M. 203-23-9, dated 2nd May 1924.
3. Chief Engineer ..	2,000	Government Order No. G. 14778-81—G. M. 203-23-14, dated 16th May 1924.
4. Director of Agriculture. Implements, Sprayers, Seeds, Manures and fertilisers, and Miscellaneous articles (within his power, and provided that he gets quotations from all firms or individuals known to the department as suppliers of such articles).	Any amount	Government Order No. I. C. 3680-2—A. & E. 58-25-7, dated 28th November 1925.
5. Superintendent, Government Gardens. (Local purchase of Food grains, plants and seeds and laterite). Other articles ..	3,000 1,000	Government Order No. G. 2304-6—G. M. 45-24-4, dated 23rd September 1925.
6. Director of Industries and Commerce. Oils for the Soap Factory. All other articles ..	3,000 2,000	Government Order No. 14782-4—G. M. 203-23-13, dated 16th May 1924.
7. Director, Sandal Oil Factories. Fuel. Other articles ..	Any amount 1,000	Government Order No. I. C. 6155-7—I. & C. 335-24-2, dated 12th March 1925.
8. Chief Commandant. (Clothing, etc., to be got from the British Military Stores).	Any amount	Government Order No. 3395-7—G. M. 121-23-65, dated 8th November 1924.

Designation of Officers	Financial limit	Authority
Grass straw and other similar articles.	Rs. Amount to be fixed by the Stores Purchase Committee in each case.	Government Order No. 3315-18—G. M. 45-24-7. dated 7th November 1924.
Other articles ..	1,000	Government Order No. G. 15232-4—G. M. 203-23-19, dated 7th June 1924.
9. Chief Electrical Engineer ..	5,000	Do
10. Agent, Mysore Railways ..	5,000	Government Order No. G. 7335-7—G. M. 45-24-10, dated 19th March 1925.
11. Principal, Central College. (Chemicals and Scientific instruments) value of particular article or class of articles to be purchased from a firm or dealer.	2,000	
12. All other Heads of Departments.	1,000	Government Order No. G. 61-120—G. M. 121-23-1, dated 22nd October 1923.